IN THE UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF TEXAS HOUSTON DIVISION

| IN RE: | § | |
|--|----------------|-------------------------|
| SKYPORT GLOBAL COMMUNICATIONS, INC., | % % % % | Case No. 08-36737-H4-11 |
| Debtor. | § § 8 | |
| JOANNE SCHERMERHORN, et al. | - 8 - 8 | |
| Plaintiffs | § § | |
| vs. | 8 § | Adversary No. 10-3150 |
| CENTURYTEL, INC. (a/k/a CENTURYLINK), | § 8 | |
| CLARENCE MARSHALL, R. STEWART | § | |
| EWING, JR., MICHAEL E. MASLOWSKI, | § | |
| HARVEY P. PERRY, ROBERT KUBBERNUS, | § | |
| BALATON GROUP, INC., BANKTON FINANCIAL | § | |
| CORPORATION, BANKTON FINANCIAL | § | |
| CORPORATION, LLC, CLEARSKY | § | |
| MANAGEMENT, INC., WILSON VUKELICH LLP | § | |
| and CLEARSKY INVESTMENTS, LP | § | |
| | § | |
| Defendants. | § | |

ORDER

On May 26, 2010, Wilson Vukelich LLP filed its motion to dismiss under FED. R. CIV. P. 12(b)(2), (3) and (5) for (i) insufficient service of process, (ii) lack of *in personam* jurisdiction and (iii) improper venue [Docket No. 69]. The Plaintiffs filed their objection to the motion on June 17, 2010 [Docket No. 90]. In their objection, the Plaintiffs asserted that Wilson Vukelich LLP was subject to personal jurisdiction in Texas and that Texas was an appropriate forum. With respect to insufficient service of process, the Plaintiffs tacitly acknowledged that service of process was deficient and requested additional time to properly serve Wilson Vukelich LLP.

On June 22, 2010, the Court commenced a hearing on the motion to dismiss. The hearing was continued to July 14, 2010 and concluded on July 15, 2010. By Order entered January 13, 2011, the Court denied the motion to dismiss on grounds of lack of personal jurisdiction and improper venue [Docket No. 273]. With respect to service of process, the Court found that Wilson Vukelich LLP had not been properly served and granted the Plaintiffs additional time until February 18, 2011 to effect proper service upon Wilson Vukelich LLP. The Court explicitly stated that if the Plaintiffs failed to properly serve Wilson Vukelich LLP by February 18, 2011, the motion to dismiss would be granted on that basis. The Court scheduled a hearing

for March 1, 2011 to determine whether proper service had been effectuated in accordance with the Court's Order.

On February 11, 2011, the Plaintiffs filed their Emergency Motion for Extension of Time to Effect Service and to Continue Hearing [Docket No. 280]. The Court conducted a hearing on the Plaintiff's motion on February 23, 2011. At the conclusion of the hearing, the Court continued the matter to March 1, 2011. On March 1, 2011, the Plaintiffs advised the Court that Wilson Vukelich LLP had been properly served and that proof of service would be forthcoming. The Court stated that if service had been properly effected, it would grant Docket No. 280 and deny the motion to dismiss. The Court advised the Plaintiffs that evidence would be required.

On March 7, 2011, the Plaintiffs filed a "Return of Service" [Docket No. 286]. A copy of Docket No. 286 is attached as **Exhibit 1**.

On March 8, 2011, the Court held a hearing to consider whether Wilson Vukelich LLP had been properly served. The Plaintiffs offered no evidence and provided no testimony. Wilson Vukelich LLP offered a copy of **Exhibit 1** which was admitted into evidence by agreement. **Exhibit 1** reflects that a document was served on Marilyn Hsieh, an adult female, who is the receptionist at Wilson Vukelich LLP.

Wilson Vukelich LLP further provided the Court with (i) a copy of the applicable provisions of the Hague Service Convention (the "Convention"), (ii) the Ontario Rules of Civil Procedure governing service of process and (iii) case law regarding service under Canadian law.

Article 5 of the Convention provides that "[t]he Central Authority of the State addressed shall itself serve the document or shall arrange to have it served by an appropriate agency, either – (a) by a method prescribed by its internal law for the service of documents in domestic actions upon persons who are within its territory "

Service of process within the province of Ontario, Canada where the offices of Wilson Vukelich LLP are located is governed by Rule 16 of the Ontario Rules of Civil Procedure as promulgated under the *Courts of Justice Act*. Rule 16.01(1) provides that "[a]n originating process shall be served personally as provided in rule 16.02" Rule 16.02(a) provides that "[w]here a document is to be served personally, the service shall be made, . . . (m) Partnership – on a partnership, by leaving a copy of the document with any one or more of the partners or with a person at the principal place of business of the partnership who appears to be in control or management of the place of business;"

Wilson Vukelich LLP further provided the Court with Canadian case authority reflecting that with respect to service upon a corporation, serving a receptionist was insufficient.

Based on the record before the Court, the evidence and legal authorities presented and the arguments of counsel, the Court makes the following findings of fact and conclusions of law. To the extent that the Court made additional findings of fact and conclusions of law on the record in open court, they are incorporated pursuant to Bankruptcy Rule 7052.

1. The Court finds that Wilson Vukelich LLP is a partnership.

The Plaintiffs stated that they proceeded under article 5(a).

- 2. The Court finds that Marilyn Hsieh was served with a document.
- 3. The Court finds that Marilyn Hsieh is a receptionist at Wilson Vukelich LLP.
- 4. The Court finds that a receptionist is not a partner of Wilson Vukelich LLP nor is she a person at the principal place of business of Wilson Vukelich LLP who appears to be in control or management of the place of business
- 5. The Court finds that Marilyn Hsieh is not a partner of Wilson Vukelich LLP nor is she a person at the principal place of business of Wilson Vukelich LLP who appears to be in control or management of the place of business.
- 6. The Court finds that Wilson Vukelich LLP has not been properly served under Ontario law.
 - 7. The Court finds that the Plaintiffs failed to comply with the Convention.
- 8. The Court finds that Wilson Vukelich LLP has not been properly served under the Federal Rules of Civil Procedure.
- 9. The Court finds that the Plaintiffs have failed to act reasonably in following the Court's orders and effecting service of process upon Wilson Vukelich LLP.
- 10. The Court finds that the motion to dismiss should be granted on the ground of insufficient service of process pursuant to FED. R. CIV. P. 12(b)(5).

Accordingly, it is **ORDERED THAT**:

- 1. Plaintiffs' Emergency Motion for Extension of Time to Effect Service and to Continue Hearing [Docket No. 280] is **DENIED**.
- 2. Defendant Wilson Vukelich LLP's Motion to Dismiss [Docket No. 69] is **GRANTED**.
- 3. The Court's Order Regarding Motion to Dismiss Adversary Proceeding Filed by all Defendants Except Wilson Vukelich LLP entered January 13, 2011 [Docket No. 274] is modified to provide that all claims set forth in Column 1 of the Table of Claims that were to be remanded to state court now excludes all claims asserted against Wilson Vukelich LLP, which claims are **DISMISSED** without prejudice.

| SIGNED this day of | <u>,</u> 2011. |
|--------------------|--|
| | |
| | THE HONORABLE JEFF BOHM, UNITED STATES BANKRUPTCY JUDGE |

Approved:

David R. Jones

David R. Jones State Bar No. 00786001/S.D.Tex. No. 16082

1000 Main, 36th Floor

Porter Hedges LLP

Houston, Texas 77002

(713) 226-6000

(713) 226-6253 (Facsimile)

Counsel for Wilson Vukelich LLP

* The Plaintiffs do not approve of the form or the substance

EXHIBIT 1

Case 10-03150 Document 29@ Filed in TXSB on 03/34/11 Page 6 of 9

Case 10-03150 Document 286 Filed in TXSB on 03/07/11 Page 1 of 4

IN THE UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF TEXAS HOUSTON DIVISION

| IN RE: | § 8 | |
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| Plaintiffs | § | |
| | § | |
| v. | § | ADVERSARY NO. 10-03150 |
| | § | |
| CENTURYTEL, INC. (A/K/A | § | |
| CENTURYLINK), ET AL., | § | |
| Defendants | § | |

RETURN OF SERVICE

Attached for filing is Return of Service upon Wilson Vukelich LLP on February 28, 2011 from the Ministry of the Attorney General, Court Services Division, Central East Region, Ontario, Canada

Dated this 7th day of March, 2011.

Respectfully submitted,

McFall, Breitbeil & Smith, P.C.

By: /s/ W. Steve Smith

W. STEVE SMITH State Bar No. 18700000

1331 Lamar Street, Suite 1250

Houston, Texas 77010

Tel.

713-590-9300

Fax.

713-590-9399

Email: ssmith@mcfall-law.com

ATTORNEY FOR PLAINTIFFS'



Case 10-03150 Document 292 Filed in TXSB on 03/34/11 Page 7 of 9 Case 10-03150 Document 286 Filed in TXSB on 03/07/11 Page 2 of 4

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing document is being served on the 7th day of March, 2011, on all of the following parties via regular first class mail, postage prepaid. Those ECF users registered in this case will receive electronic notice on March 7, 2011.

David R. Jones Elizabeth Freeman Porter & Hedges, LLP 1000 Main Street, 36th Fl. Houston, TX 77002

/s/ W. Steve Smith

W. Steve Smith

Ministry of the Attornoy General

Court Services Division Central East Region

1st Floor, 50 Eagle St. West Newmarket, ON L3Y 6B1

Telephono: 905 853-4801 Fax: 905 853-4869

Ministère du Procureur général

Division des services aux tribunaux Région Centre-Est

1ler étage, 50, rue Eagle ouest Newmarket, (Ontario) L3Y 681

Téléphone: 905 853-4801 Télécopieur: 905 853-4869



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Phone #: (905) 853-4801

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CERTIFICATE ATTESTATION

The undersigned has the honour to certify, in conformity with article 6 of the Convention, L' autorité soussignée à l'honour d'adester conformément à l'article 6 de la dite Convention.

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